

Army Institutional Adaptation

***ASMC PDI
27 May 2009***



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OASA(FM&C)

Purpose

Explain Institutional Adaptation by addressing a few key questions:

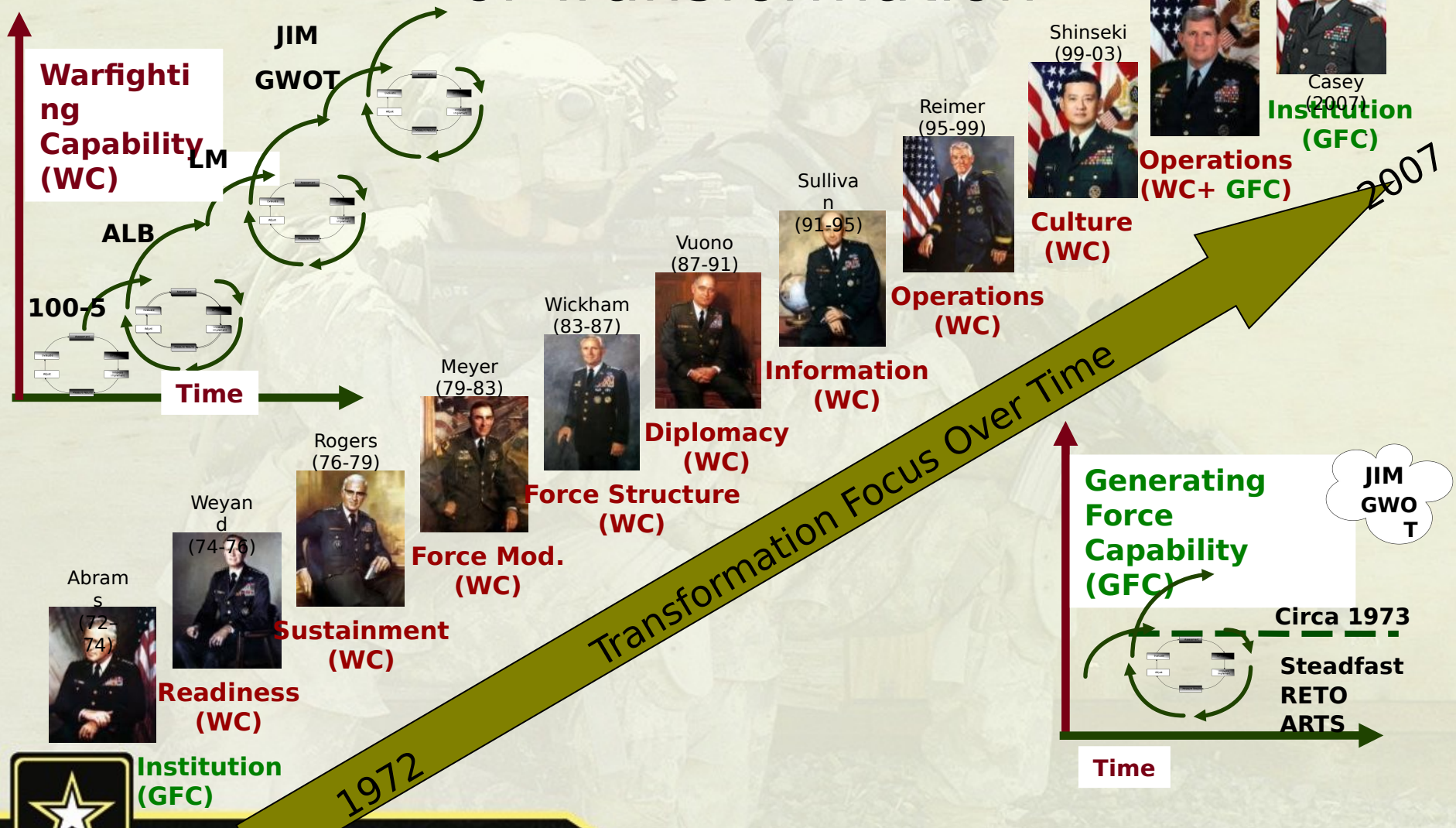
- What is Institutional Adaptation?**
- Why is the Army doing this?**
- Why does Institutional Adaptation matter to resource managers?**

It is all about building into our Army an understanding that we need to be very, very careful of how we spend our money ... It is all about developing a cost culture.

- General Peter Chiarelli, Vice Chief of Staff



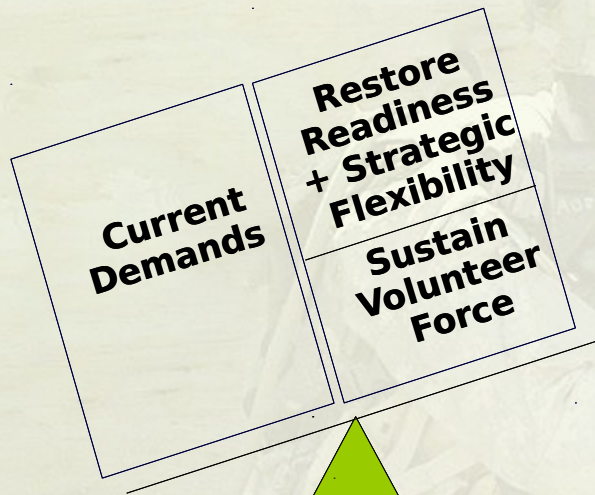
The Pace and Focus of Transformation



"We will not cement the transformational change of the Army until the institution reflects that change"
 Chief of Staff, Army - 19 June 2007

Restoring the Army to Balance

**2009
Current**

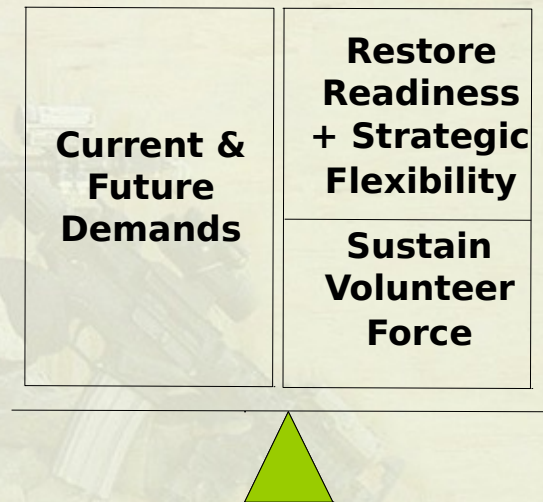


Army Imperatives

**Sustain
Prepare
Reset**

Transform

**2011
Future**



- *Actions to restore balance across the Army are being driven by the four imperatives*
- *The transformation imperative is the foundation for Institutional Adaptation*

What is an Enterprise?

Institutional Adaptation is the first step in adopting an “enterprise” approach to managing the Army.

- An “**enterprise**” is a cohesive organization whose structure, governance systems and culture support a common purpose.
- The “enterprise approach” educates and empowers leaders to take a holistic view of organizational objectives and processes to act cohesively for the good of the organization to achieve required output with greater efficiency.

Army culture must change. We have to think and act like a single enterprise, focusing on what’s best for the Army, not just what’s best for any given organization.



Why Do We Need an Enterprise Approach?

Facts of Life

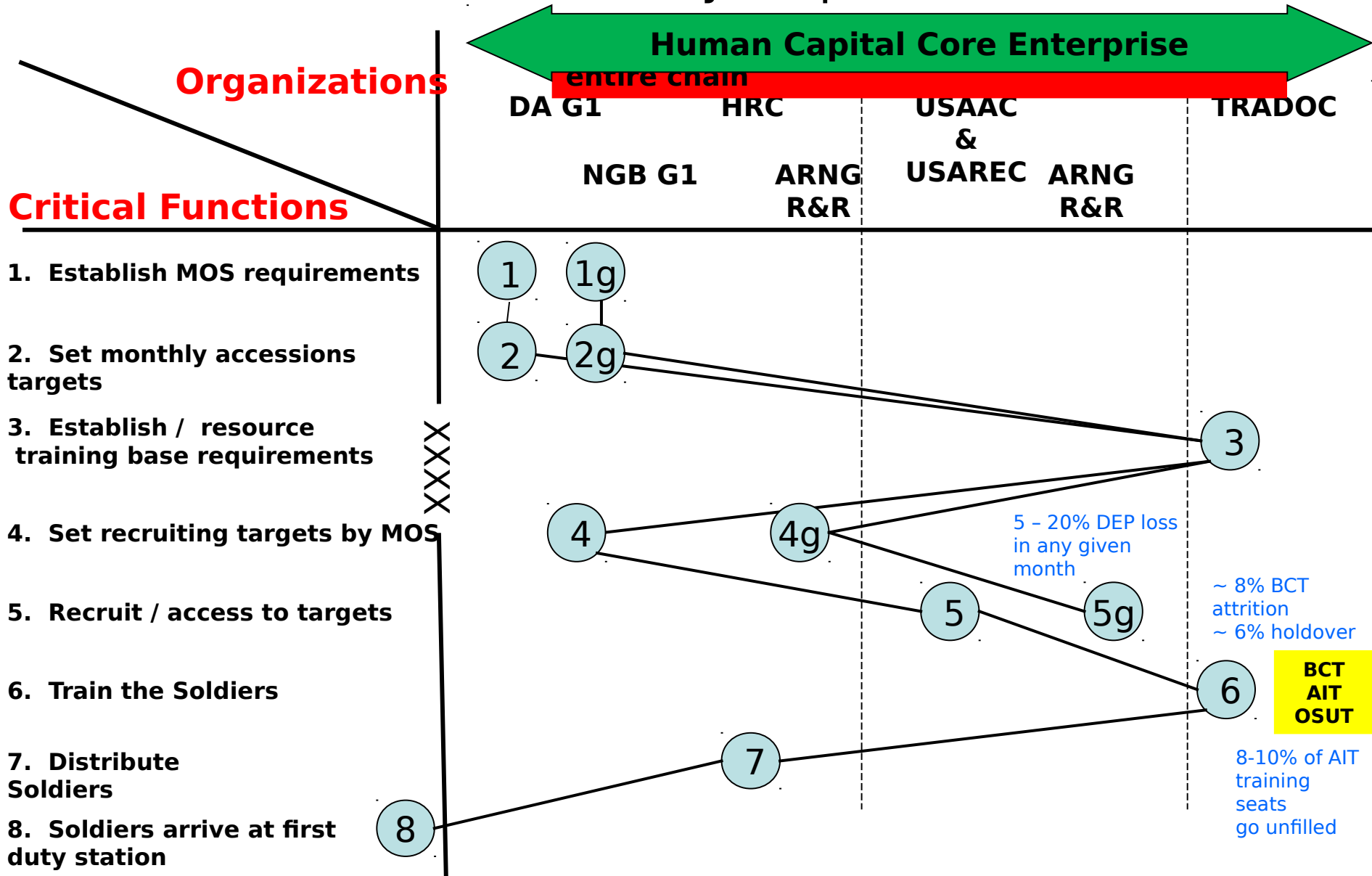
- The Army is a large, complex organization that presents a significant management challenge, even in the best of circumstances.
- To cope with declining budgets, the Army must change the way it does business.

Internal Factors

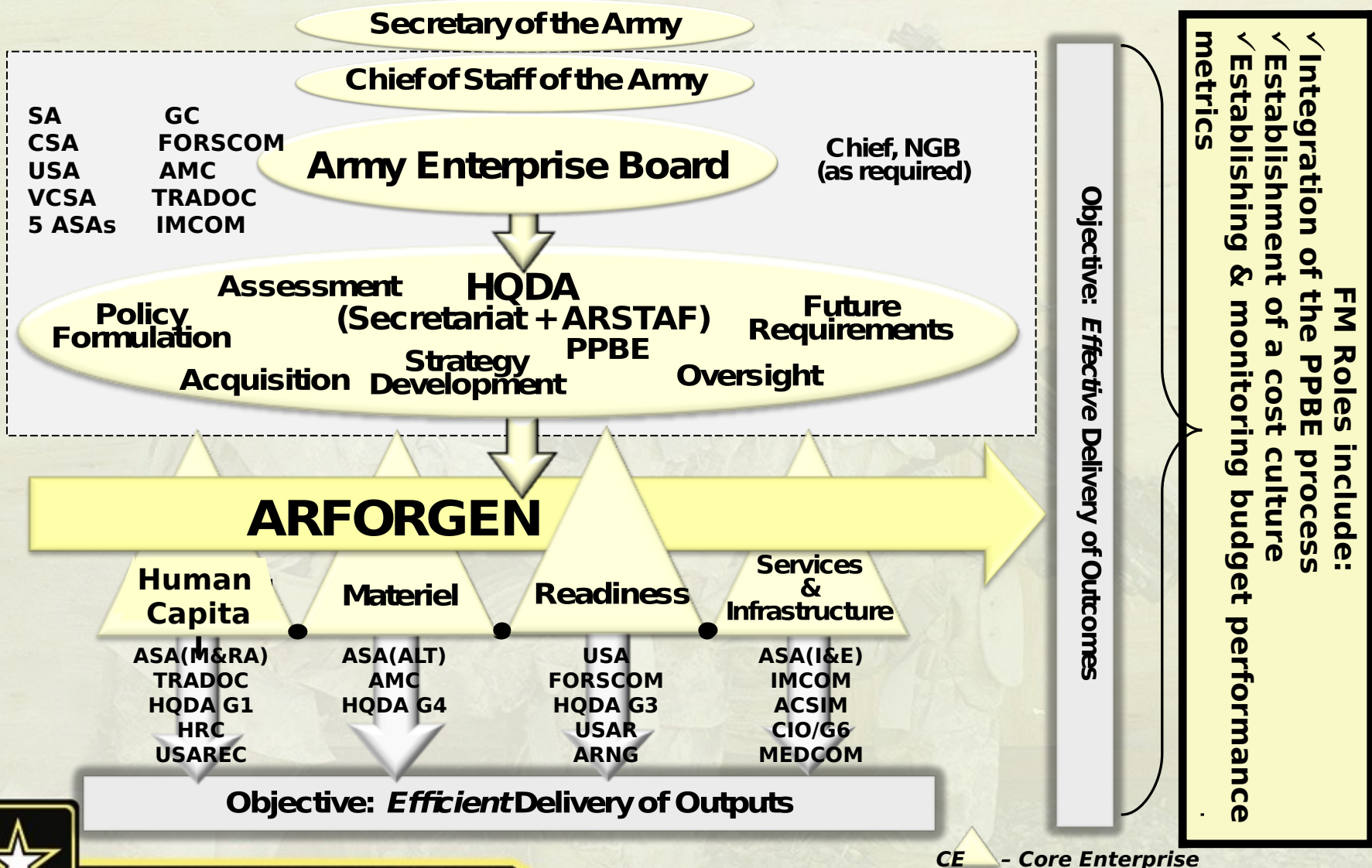
- We have allowed decisions to be pushed to too high a level.
- Throughout the Army, there is a perception that people and hardware are “free goods.”
- We have a consumption-oriented culture in which financial success is defined as spending every dollar.
- We don't do a good job of relating cost to outputs and outcomes. There is no penalty for excessive cost, no reward for decreased cost.



A Real-World Example: Distributing Human Capital to Meet Total Army Requirements



Enterprise Management



Improve ARFORGEN

Adopt an Enterprise Approach

Reform Requirements & Resource Processes

Where You Fit In....

- FM support must adapt as Army changes
- FM challenges will grow as funding declines
- As challenges grow, so will opportunities for the FM community
- Commanders will lean on your expertise to acquire funds, understand costs, and enable the mission

Your role is more important now than ever before: Resource managers enable commanders to make cost-informed decisions





Questions / Discussion



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